

**TOWN OF ACTON**472 MAIN STREET
ACTON, MA 01720(978) 264-9617 TELEPHONE
(978) 264-9630 FAX

CC: BOS

2/24 - (3)

FINANCE DEPARTMENT
STEPHEN G. BARRETT, CPA, DIRECTOR

TO: Don P. Johnson

FROM: Steve Barrett CPA

SGB

RE: BAN Sale Results

DATE: February 20, 2003

To recap yesterday's results, the Town received (7) bids on our \$3,719,000 BAN offering. The debt is dated March 5, 2003 and is due and payable March 4, 2004.

The data is as follows:

BIDDER	NET INTEREST COST
Fleet Bank	1.0800%
Commerce Capital	1.1796%
CIBC	1.1891%
Sovereign Cap. Markets	1.2080%
Eastern Bank	1.2340%
TGH Securities	1.2380%
Bank North	1.5700%

I think the Town did well on this offering. Our fiscal advisors prepared a comparative bid analysis using their clients that issued short-term debt since February 10, 2003. This document is attached. Of interest is that Concord also sold short-term paper on February 19, 2003 and Acton's rate is 6/100 of a percent lower. Only the Town of Cohasset fetched a lower rate, (1.0437%), although I attribute that to the fact that they borrowed for marginally less than six months.

TOWN OF ACTON-\$3,719,000 BOND ANTICIPATION NOTES

COMPARATIVE BID ANALYSIS-SHORT-TERM ISSUANCE

ISSUER	ISSUE DATE	MATURITY DATE	DURATION OF LOAN	NOTE RATING	COUPON %	SALE DATE	AMOUNT ISSUED
ACTON	3/05/03	3/04/04	365 DAYS	SP1+/MIG1	1.0800	2/19/03	\$3,719,000
CONCORD	2/27/03	2/26/04	364 DAYS	MIG1	1.1406	2/19/03	\$6,200,000
MIDDLEBOROUGH	3/05/03	3/05/04	366 DAYS	MIG1	1.1460	2/19/03	\$5,127,000
TISBURY	3/05/03	3/04/03	365 DAYS	SP1+	1.2145	2/19/03	\$2,668,000
COHASSET	2/14/03	7/25/03	161 DAYS	MIG1	1.0437	2/10/03	\$7,300,000
PEABODY	2/14/03	2/13/04	364 DAYS	MIG1	1.1406	2/10/03	\$20,885,00

MUNICIPAL NOTE SALE INFORMATION

To Min ✓



UniBank Fiscal Advisory Services, Inc.

Sale Information

Day: Wednesday
 Date: February 19, 2003
 Time: 11:00

Issuer: Town of Acton
 Amount: \$ 3,719,000
 Dated: March 5, 2003
 Due: March 4, 2004
 Contact Name: Lynne A. Ludwig
 Title: Fiscal Advisor
 Telephone: (508) 234-8112 x 3115
01 (Via PARITY)

Type: RAN ☐ BAN ☒
 SAN ☐ FAN ☐
 Other ☐

NEW: 3,000,000
 RENEWAL: 719,000

Project Description: Municipal Purpose

Bank Qualified:
☒ Yes ☐ No Year 2003

Disclosure:
☒ Yes ☐ No

Legal Opinion:
☒ Yes ☐ No Firm ☐

Paying Agent:
U.S. Bank, National ASSOC.

Award Basis:
Lowest NIC

CUSIP:
 Yes ☐ No ☐ Optional ☒

Certification:

Bureau: ☐Bank: ☐None: ☒

Interest Basis:

ACT/365 ☒30/360 ☐No. Of Days 365

Denominations:

To be determined-submit w/bid ☒Set ☐Minimum: N/A ☐ \$100,000 ☐

Right to Prepay:

Yes ☐No ☒

Delivery:

vs. Payment ☒vs. Receipt ☐

Fax Bids:

Allowed ☐ # ☐Not Allowed ☒

Bid Specifics:

Bearer ☐Registered ☐DTC Book-Entry Only ☒

Bid Basis:

Par/Premium ☒Discount ☐

Bid Limits:

All or none ☐Split ☐Minimum Amount \$ 500,000

Notes:

SIP - Underlying AA+ Bonds sold 1/23/03

Credit UniBank - Bond Proceeds
Acct.

Crediting Bank ☐Account Number ☐# of Final OS's ☐

SP7

RESULTS

BIDDER	AMOUNT	RATE	PREMIUM	NIC	AWARD	REOFFER
Fleet Bk.	3,719,000	1.08	-0-	1.08	(2) (*)	NR.
Bk. North.	3,719,000	1.57	-0-	1.57	(7)	
Commerce Capital	3,719,000	2.00	\$ 30,510.71	1.1796	(6)	
CIBC	3,719,000	2.00	\$ 30,155.-	1.1891	(3)	
Easton Bk.	3,719,000	2.00	\$ 28,487.54	1.2349	(5)	
Sovereign Cap Mkts.	3,719,000	2.00	29,454.48	1.2080%	(4)	
TGH Securities	3,719,000	2.00	\$ 28,338.78	1.2380%	(6)	

Don Johnson

From: Don Johnson
Sent: Thursday, February 20, 2003 12:02 PM
To: Board of Selectmen
Cc: Stephen Barrett
Subject: FW: Note Issue Comparison

Importance: High



2003 BAN
COMPARISON.doc

We did quite well in the short term market for the first borrowing on the Public Safety Building. The attached spreadsheet indicates that we received the second best bid in recent days (1.08%) and the best bid on the day we bid our bonds (2/19). We will have the paperwork for Board signatures Monday evening.

Regards,
Don

-----Original Message-----

From: Stephen Barrett
Sent: Thursday, February 20, 2003 10:00 AM
To: Brian McMullen; Don Johnson; John Murray; David Schmidt; John Pater; Karen Kucala; Daryl Powell
Subject: FW: Note Issue Comparison

fyi

-----Original Message-----

From: Lynne Ludwig [mailto:lynne.ludwig@unibank.com]
Sent: Thursday, February 20, 2003 9:03 AM
To: Stephen Barrett
Subject: Note Issue Comparison

Steve:

Attached please find comparison Note sales. Bond Counsel sent the papers for the BOS meeting to me last night. I will bring them to you some time this afternoon.

Lynne

<<2003 BAN COMPARISON.doc>>

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2003 BAN
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<<2003 BAN COMPARISON.doc>>

Ratings Services
55 Water Street, 38th Floor
New York, NY 10041-0003
Tel 212 438-2066
Reference No.: 599256

Steven J Murphy
Managing Director
Public Finance Ratings

CC: BOS

Standard & Poor's

A Division of The McGraw-Hill Companies



February 12, 2003

FEB 18 2003

Mr. Stephen Barrett
Finance Director
Town of Acton
Town Hall
472 Main Street
Acton, MA 01720

Re: **\$3,719,000 Town of Acton, Massachusetts, Bond Anticipation Notes, dated: March 5, 2003, due: March 5, 2004**

Dear Mr. Barrett:

Pursuant to your request for a Standard & Poor's ("S&P") rating on the above debt obligations, we have reviewed the information furnished to us and, subject to the terms and conditions of the *MEMORANDUM OF AGREEMENT* on the reverse side hereof, have assigned a rating of 'SP-1+' to the obligations.

Please note that the information referred to in the third paragraph of the *MEMORANDUM OF AGREEMENT* includes annual audits and budgets and, to be supplied to us at least quarterly, statements of monthly cash-based receipts and disbursements. Such data should be addressed to:

Standard & Poor's Ratings Services
Public Finance
55 Water Street, Muni Drop Box No. 1, 38-3-10 - New York, NY 10041-0003

S&P relies on the issuer and its counsel, accountants and other experts for the accuracy and completeness of the information submitted in connection with the rating. In addition, it should be understood that the rating is not a "market" rating nor a recommendation to buy, hold or sell these securities. Please note that the rating, as is the case with all of S&P's municipal ratings, does not address the likelihood that interest payable on the debt may be deemed or declared includable in the gross income of Debtholders by the relevant authorities at any time.

In the event that you decide to include this rating in an Official Statement, prospectus or other offering literature, we request that you include S&P's definition of the rating together with a statement that the rating may be changed, suspended or withdrawn as a result of changes in, or unavailability of, information.

We are pleased to have been of service to you. Thank you for choosing Standard & Poor's Ratings Services. If you have any questions, please contact us.

Very truly yours,

ed

cc: Mr. Don P. Johnson
Ms. Lynne A. Ludwig

Publication date: 12-Feb-2003
Reprinted from RatingsDirect

Summary: Acton Twn, MA

Credit Analysts: Geoffrey Buswick, Boston (1) 617-371-0313; Joshua R McIntyre, Boston (1) 617-371-0303

Credit Profile

\$3.719 mil BANs dtd
03/05/2003 due 03/05/2004
SP-1+

Sale date: 19-FEB-2003

Rationale

The 'SP-1+' rating on the town of Acton, Mass.' BANs reflects the expectation of easy market entry as these notes are financed long term. Other credit characteristics that support the 'AA+' long-term GO bond rating include:

- A growing, primarily residential \$3.3-billion tax base;
- Above-average and rising wealth and housing values;
- Strong management, with a focus on multiyear planning; and
- An affordable but increasing debt position.

Acton (population 20,331) is a suburb located 25 miles northwest of Boston in one of the wealthiest regions in the country. Acton's \$3.1-billion tax base is 87% residential. Wealth levels, as indicated by median household effective buying income, are high at 166% of the state and 208% of the nation.

Proximity to Interstate 495, Route 128, and Route 2, and good rail links to Boston have aided in tax development. The local economy is limited, with most residents commuting to work throughout the greater Boston economy. New residential housing sales range from \$600,000 to well over \$1 million. Home-value appreciation is aided by a strong school system. Despite a population of more than 20,000, market value per capita is high at \$152,000. Acton's unemployment average has historically been below that of the state and the nation.

Strong town management, with a focus on long-range planning, has yielded consistently favorable results. Unreserved general fund balances increased to \$7.8 million, or 16% of expenditures, in fiscal 2002, from 11% in fiscal 1999. In addition, Acton maintains a small stabilization fund, currently at \$200,000, which provides some additional flexibility.

The town has historically operated within Proposition 2 1/2 through the use of operating overrides, debt, and capital exclusions. Property taxes account for nearly 80% of general fund revenues, and collection rates are strong, exceeding 98% on a current basis over the past four years.

Through the first six months of fiscal 2003, the town expects to close the year on budget. The current financial plan for fiscals 2004 and 2005 takes into account a 15% cut in state aid, a 27% decrease in new growth taxes, and a 7.5% increase in student population. In order to fund a balanced budget through fiscals 2004 and 2005, the town is expecting to use \$4 million in free cash as well as to ask the voters for two \$3-million Proposition 2 1/2 general operating overrides. Governor Mitt Romney, in an effort to balance the state's fiscal 2003 \$650-million deficit, made cuts to every localities' state aid distribution. Through this state action, Acton lost \$135,000 in expected revenues, which will be covered through operations.

The town's debt position is strong and its debt burden is low, with overall net debt at 0.9% of valuation and \$1,335 per capita. Debt retirement is average, with 48% retired within 10 years, due to a 30-year amortization of \$24 million in sewer debt. The town has spent between \$1 million and \$2 million per year

from fiscals 1998-2002. Future debt will finance a new \$6.4-million police station and roughly \$70 million in school improvements at Acton-Boxborough Regional School District.

Proceeds of these notes will be used to finance a \$719,000 sewer project and \$3 million for construction of the new police station.

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